



Certified Policy Record

I, the undersigned, do hereby certify that I am custodian of the records pertaining to the issuance of policies by State Farm Fire and Casualty Company.

I certify that the attached documents represent a true and accurate record of the terms and conditions of Policy Number 92-K1-5301-7 including any endorsements and/or inserts, if applicable, for the policy term(s) 08/15/2009 - 08/15/2010 and insuring LANDSCAPES ETC LLC of 1258 TOPSIDE RD , LOUISVILLE TN 37777-5505 with a risk location of 1258 TOPSIDE RD , LOUISVILLE TN 37777-5505 based on available records.

The following endorsements and/or inserts are included:

FP-6100, FE-6242, FE-6451, FE-6467, FE-6538.1, FE-6566, FE-6622, FE-6655, FE-6656, FE-8750.C, FE-8751, FE-6587, FE-8760, FE-8756.1, *FE-6859, *FE-6999.1

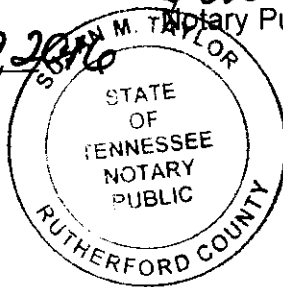

 Destinee Rogers
 Underwriting Team Manager

State of Tennessee
 County of Rutherford

Subscribed and sworn to before me this 1 day of February, 2013.


 Susan M. Taylor
 Notary Public

My Commission Expires: March 22, 2016



**State Farm Fire and Casualty Company**2500 Memorial Boulevard
Murfreesboro, TN 37131-0001

E-11- 1928-F330 E 3 F

LANDSCAPES ETC LLC
1258 TOPSIDE RD
LOUISVILLE TN 37777-5505Location: 1258 TOPSIDE RD
LOUISVILLE TN
37777-5505

SFPP No: 1080593711

Forms, Options, and EndorsementsSpecial Form 3
Amendatory Endorsement
Tree Debris Removal End
Policy Endorsement Contractors
Glass Deductible Deletion
Fungus (Including Mold) Excl
Policy Endorsement-Contractors
Dist Mat Violat Statutes Excl
Policy Endorsement
Attaching Inland Marine Dec
Inland Marine Conditions
Inc Cost and Demolition Cov
Continued on back of pageFP-6100
FE-6242
FE-6451
FE-6467
FE-6538.1
FE-6566
FE-6622
FE-6655
FE-6656
FE-8750.C
FE-8751
FE-6587**RENEWAL CERTIFICATE**

POLICY NUMBER 92-K1-5301-7

Contractors Policy
AUG 15 2009 to AUG 15 2010

BILLED THROUGH SFPP

Coverages and Limits**Section I**A Buildings Excluded
B Business Personal Property 40,000**Deductibles - Section I**Basic 1,000
Section II 1,000
Other deductibles may
apply - refer to policy**Section II**L Business Liability \$1,000,000
M Medical Payments 5,000
Gen Aggregate (Other than PCO) 2,000,000
Products-Completed Operations 2,000,000
(PCO Aggregate)**Estimated Prem (Sec I)****Estimated Prem (Sec II)**

Forms, Opts, & Endrmnt

Total Amount\$454.00
\$4,454.00
2,230.00
\$7,138.00**Premium Reductions**Yrs in Business Discount
Claim Record DiscountCov. A - Inflation Index: N/A
Cov. B - Consumer Price: 220.0

NOTICE: Information concerning changes in your policy language is included. Please call your agent if you have any questions.

Audit period: Annual

Policy number 92-K1-5301-7 replaces 92-K1-5977-0.

If you have moved, please contact your agent.

See reverse side for important information.

*Thanks for letting us serve you*10177
N * 1,84

401B I

JRG-MCLC Document 1-1 Filed 09/12/14
Agent NEIL SCHMITT CLU
Telephone (865) 531-0600 or (865) 531-0616

REP

Page 2 of 59 PageID #: 13
Prepared JUN 09 2009138-3076 (7
Rev: 11-14-2005 (c113089b)

CONTINUED FROM FRONT

Forms, Options, and Endorsements

Mobile Equipment Form

FE-8760

Installation Endorsement

FE-8756.1

Building Coverage for Tenants

* FE-6859

Terrorism Insurance Cov Notice

* FE-6999.1

*Effective: AUG 15 2009

NOTICE TO POLICYHOLDER:

For a comprehensive description of coverages and forms, please refer to your policy.

Policy changes requested before the "Date Prepared", which appear on this notice, are effective on the Renewal Date of this policy unless otherwise indicated by a separate endorsement, binder, or amended declarations. Any coverage forms attached to this notice are also effective on the Renewal Date of this policy.

Policy changes requested after the "Date Prepared" will be sent to you as an amended declarations or as an endorsement to your policy. Billing for any additional premium for such changes will be mailed at a later date.

If, during the past year, you've acquired any valuable property items, made any improvements to insured property, or have any questions about your insurance coverage, contact your State Farm agent.

Please keep this with your policy.

(c1f008aa) Rev. 05-2005

**State Farm Fire and Casualty Company**

2500 Memorial Boulevard
Murfreesboro, TN 37131-0001

E-11- 1928-F330 E 3 F

LANDSCAPES ETC LLC
1258 TOPSIDE RD
LOUISVILLE TN 37777-5505

RENEWAL CERTIFICATE DESCRIPTION OF OPERATIONS

POLICY NUMBER 92-K1-5301-7

Contractors Policy
AUG 15 2009 to AUG 15 2010

CONTINUED

Description of Operations	Stat Class	Premium Bases*/ Exposure	Section II Estimated Premium
LANDSCAPE GARDENING - INCLUDING LAYING OUT GROUNDS, PLANTING TREES, SHRUBS, FLOWERS OR LAWNS (EXCLUDING EXCAVATION)	430	P* 334000	\$4,454.00

o10051a Rev. 12-07-2006

* Premium Bases
S Per \$1000 Gross Sales
P Per \$1000 Payroll
T Per \$1000 Admissions
C Per Camper Day
R Per \$1000 Rental

**AMENDATORY ENDORSEMENT
(Tennessee)**

**SECTION I
AND SECTION II
COMMON CONDITIONS**

The **Cancellation** Condition is replaced by the following:

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. If this policy has been in effect for 60 days or more or if it is a renewal with us, we may cancel only for one or more of the following reasons:
 - a. non-payment of premium, including non-payment of any additional premiums, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;
 - b. conviction of you of a crime having as one of its necessary elements an act increasing any hazard insured against;
 - c. discovery of fraud or material misrepresentation on the part of either of the following:
 - (1) the insured or the insured's representative in obtaining this insurance; or
 - (2) you in pursuing a claim under this policy;
 - d. material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;
 - e. determination by the Commissioner of Insurance that the continuation of this policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;
 - f. violation of or breach by the insured of any policy terms or conditions; or
 - g. such other reasons that are approved by the Commissioner.
4. We will mail or deliver our notice of cancellation to the first Named Insured's address shown in the Declarations. If notice is mailed, proof of mailing will be sufficient proof of notice. Our notice of cancellation will state the effective date and hour of cancellation. The policy period will end on that date and time. If we cancel as permitted in item 3. of this Condition, our notice of cancellation will state the reason for cancellation.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. Cancellation will be effective even if we have not made or offered a refund.

(CONTINUED)

The following **Condition** is added:

Non-Renewal.

1. If we decide not to renew this policy, we will mail or deliver written notice of non-renewal to the first Named Insured and agent at least 60 days before the end of the policy period unless:

a. we have offered to issue a renewal policy; or

b. you have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. Our notice of non-renewal will be mailed or delivered to the first Named Insured and agent at the addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

FE-6242
(11/88)

TREE DEBRIS REMOVAL ENDORSEMENT

The following is added to **SECTION I EXTENSIONS OF COVERAGE**:

Tree Debris Removal. We will pay your expense to remove the debris of any broken or fallen tree if Coverage A property is damaged by the tree. The most we will pay in any one occurrence at each location under this Extension of Coverage is \$500 as an additional amount of insurance.

All other policy provisions apply.

FE-6451
(10/89)

**POLICY ENDORSEMENT
(Contractors)**

**SECTION I
PROPERTY
COVERAGES**

Under **PROPERTY NOT COVERED**, item 11. is replaced by the following:

11. trees, plants, lawns and shrubs other than those you own as merchandise held in storage or for sale, except as provided in the Extensions of Coverage; or

Under **PROPERTY SUBJECT TO LIMITATIONS**, item 11. is deleted.

**SECTION I
OPTIONAL
COVERAGES**

The following is added to **OPTION ED - Employee Dishonesty**:

10. When used in the provisions of this Option ED, "employee" means any natural person who receives compensation for working in your regular service in the ordinary course of your business as well as your directors and officers whether compensated or not, except while performing outside the scope of the normal duties of such directors and officer. But this does not include any broker, consignee, contractor or other agent or representative of the same general character.

**SECTION I
AND SECTION II
COMMON CONDITIONS**

The **Premiums** Common Condition is replaced by the following:

9. **Premium Audit.** The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

The premium shown in the Declarations is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the deposit premium shown in the Declarations and the audit premium paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.

We will compute all premiums for this policy in accordance with our rules and rates. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

All other policy provisions apply.

GLASS DEDUCTIBLE DELETION ENDORSEMENT

Under **SECTION I DEDUCTIBLES**, the special \$100 deductible amount applicable to all glass losses is deleted and replaced by the Section I deductible otherwise included and shown in the Declarations of this policy.

All other policy provisions apply.

FE-6538.1
(10/95)

FUNGUS (INCLUDING MOLD) EXCLUSION ENDORSEMENT

SECTION I LOSSES INSURED AND LOSSES NOT INSURED

In SPECIAL FORM 3 and BUILDERS' RISK policies only, under **LOSSES NOT INSURED**, items 2.d. and 2.k. are replaced by the following:

- d. smog, wear, tear, rust, corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

But if accidental direct physical loss by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss;

- k. repeated discharge or continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of time;

In all policies, the following is added to item 1. under **LOSSES NOT INSURED**:

- i. growth, proliferation, spread or presence of "fungus", including:
 - (1) any loss of use or delay in rebuilding, repairing or replacing covered property, including any associated cost or expense, due to interference at the described premises or location of the rebuilding, repair or replacement of that property, by "fungus";
 - (2) any remediation of "fungus", including the cost or expense to:
 - (a) remove the "fungus" from covered property or to repair, restore or replace that property;
 - (b) tear out and replace any part of the building or other property as needed to gain access to the "fungus"; or
 - (c) contain, treat, detoxify, neutralize or dispose of or in any way respond to or assess the effects of the "fungus";

- (3) the cost of any testing or monitoring of air or property to confirm the type, absence, presence or level of "fungus", whether performed prior to, during or after removal, repair, restoration or replacement of covered property.

"Fungus" means any type or form of fungi, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.

In BASIC FORM 1 policies only, the following is added to item 2. under **LOSSES NOT INSURED**:

- g. repeated discharge or continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of time;

SECTION II COMPREHENSIVE BUSINESS LIABILITY

In all policies, the following exclusion is added under **BUSINESS LIABILITY EXCLUSIONS**:

to any:

- a. **bodily injury, property damage, personal injury or advertising injury** arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **fungus**;
 - (1) at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured; or
 - (2) at or from any premises, site or location on which any insured or any contractor or subcontractor working directly or indirectly on behalf of any insured is or was at any time performing operations;
- b. loss, cost or expense arising out of any:
 - (1) request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate or

CONTINUED

dispose of or in any way respond to or assess the effects of **fungus**; or

- (2) claim or **suit** for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of **fungus**.

FE-6566

SECTION II DEFINITIONS

In all policies, the following definition is added under **DEFINITIONS**:

fungus means any type or form of fungi, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.

All other policy provisions apply.

POLICY ENDORSEMENT (Contractors)

SECTION I PROPERTY COVERAGES

Under **Coverage B - BUSINESS PERSONAL PROPERTY**, items 1., and 2. are replaced by the following:

1. property, used in your business, that you own, lease from others or rent from others, or that is loaned to you;
2. property of others that is in your care, custody or control, unless provided for in item 1., immediately above; and

SECTION I EXTENSIONS OF COVERAGE

Under item 16. **Property of Others**, the following is deleted:

- c. leased business personal property or property on consignment in your care, custody or control.

SECTION I OPTIONAL COVERAGES

OPTION MB - Mechanical Breakdown is deleted.

SECTION I DEDUCTIBLES

Under **DEDUCTIBLES**, the following is deleted:

3. \$250 from the amount of all loss or damage in any one occurrence under the Mechanical Breakdown optional coverage when Option MB is designated in the Declarations.

SECTION I CONDITIONS

Under **CONDITIONS**, paragraph b. in item 2. **Valuation** is replaced by the following (NOT APPLICABLE if ACTUAL CASH VALUE - CONTENTS is shown in the Declarations):

- b. actual cash value as of the time of loss or damage to the following covered property:

- (1) used or second-hand merchandise held in storage or for sale;
- (2) manuscripts;
- (3) works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
- (4) property of others that is in your care, custody or control, plus the cost of labor, materials, or services furnished or arranged by you on such property.

The following items apply only to property not included in items (1), (2) or (3), immediately above:

- (a) If you are legally responsible by written contract for an amount that exceeds the actual cash value of property of others in your care, custody or control, valuation will be determined at the amount fixed by such written contract, but not at more than the replacement cost of the property as of the time of loss or damage, without deduction for depreciation.
- (b) Under the Property of Others Extension of Coverage, the value of covered property will be determined in accordance with paragraph a. of this Valuation Condition.
- (c) The value of property, used in your business, that you lease from others or rent from others, or that is loaned to you, will be determined in accordance with paragraph a. of this Valuation Condition.

We will not pay more for loss or damage in any one occurrence than the applicable limit of insurance.

All other policy provisions apply.

DISTRIBUTION OF MATERIAL IN VIOLATION OF STATUTES EXCLUSION ENDORSEMENT

The following exclusion is added to **BUSINESS LIABILITY EXCLUSIONS**:

Exclusions

This insurance does not apply to:

Bodily injury, property damage, personal injury, or advertising injury arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

FE-6655

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

POLICY ENDORSEMENT

SECTION II COMPREHENSIVE BUSINESS LIABILITY

Under **BUSINESS LIABILITY EXCLUSIONS**, items 9., 16. and 17. are replaced with the following:

9. to **bodily injury, property damage, personal injury or advertising injury** due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution;

16. to **personal injury or advertising injury**:

- a. caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict **personal injury or advertising injury**;
- b. arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity;
- c. arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period;
- d. for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- e. arising out of a criminal act committed by or at the direction of the insured;
- f. arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises any control;

g. arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers; or

h. committed by an insured whose business is:

- (1) advertising, broadcasting, publishing or telecasting;
- (2) designing or determining content of web-sites for others; or
- (3) an Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs a., b. and c. of **personal injury** under Section II Definitions.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

17. to **advertising injury** arising out of:

- a. a breach of contract, except an implied contract to use another's advertising idea in your **advertisement**;
- b. the failure of goods, products or services to conform with any statement of quality or performance made in your **advertisement**;
- c. the wrong description of the price of goods, products or services stated in your **advertisement**; or
- d. the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

Includes copyrighted material of Insurance Services Office, Inc., with its Permission.

CONTINUED

However, this exclusion does not apply to infringement, in your **advertisement**, of copyright, trade dress or slogan.

SECTION II DEFINITIONS

Under **DEFINITIONS**, **advertisement** is added and **advertising injury** and **personal injury** are replaced with the following:

advertisement means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement;

advertising injury means injury arising out of one or more of the following offenses:

- a. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

- b. oral or written publication, in any manner, of material that violates a person's right of privacy;
- c. the use of another's advertising idea in your **advertisement**; or
- d. infringing upon another's copyright, trade dress or slogan in your **advertisement**;

personal injury means injury, other than **bodily injury**, arising out of one or more of the following offenses:

- a. false arrest, detention or imprisonment;
- b. malicious prosecution;
- c. the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. oral or written publication, in any manner, of material that violates a person's right of privacy;

All other policy provisions apply.

Includes copyrighted material of Insurance Services Office, Inc., with its Permission.

FE-6656

Policy Number
92-K1-5301-7

INLAND MARINE ATTACHING DECLARATIONS

STATE FARM FIRE AND CASUALTY COMPANY
2500 MEMORIAL BLVD, MURFREESBORO TN 37131-0001
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS



Named Insured and Mailing Address

1928-F330
LANDSCAPES ETC LLC
1258 TOPSIDE RD
LOUISVILLE TN 37777-5505

ATTACHING INLAND MARINE POLICY

AUTOMATIC RENEWAL - If the **POLICY PERIOD** is shown as **12 MONTHS** this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Policy Period: 12 Months
Effective Date: 08-15-2009
Expiration Date: 08-15-2010

The policy period begins and ends at 12:01 AM
standard time of the named insured.

Forms, Options & Endorsements

Annual Policy Premium \$ INCLUDED

The above Premium Amount is included in the
Policy Premium shown on the Declaration Page.

See Schedule Page for Limits of Insurance and Deductibles.

OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

Prepared
Jan 31 2013
FE-8750C

Policy Number
92-K1-5301-7

ATTACHING INLAND MARINE SCHEDULE PAGE

STATE FARM FIRE AND CASUALTY COMPANY
2500 MEMORIAL BLVD, MURFREESBORO TN 37131-0001
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS



NAMED INSURED & MAILING ADDRESS
1928-F330

EFFECTIVE DATE
08-15-2009

LANDSCAPES ETC LLC
1258 TOPSIDE RD
LOUISVILLE TN 37777-5505

ATTACHING INLAND MARINE

ENDORSEMENT NUMBER	COVERAGE	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	ANNUAL PREMIUM
FE-8756.1	INSTALLATION FORM	\$	\$	\$
	COVERED PROPERTY: BUILDING MATERIALS AND EQUIPMENT, EXCLUDING TOOLS.	10,000	1,000	120.00
	PROPERTY AT ANY ONE LOCATION- 1258 TOPSIDE RD LOUISVILLE TN 37777-5505			
	PROPERTY WHILE IN TRANSIT-\$10,000			
FE-8760	MOBILE EQUIPMENT- TOOLS TO THE TRADE OF LANDSCAPING	201,000	1,000	2110.00

Prepared

INLAND MARINE CONDITIONS

When coverage is provided by an Inland Marine Form, the following applies:

Coverage in the Inland Marine Form replaces any coverage provided in the policy this Form is attached to, for the same property. However, the Cancellation Condition in the policy this Form is attached to applies to all Inland Marine Forms.

The following Conditions also apply:

1. **Agreement.** We agree to provide the insurance described in this policy. You agree to pay premiums when due and comply with the provisions of this policy.
2. **Definitions.** Throughout this policy, the words "you" and "your" refer to the Named Insured and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance.
3. **Valuation.** The value of covered property will be determined based on the provisions in the applicable coverage form attached.
4. **Loss Payment.** In the event of loss covered by this policy:
 - a. we will give notice, within 30 days after we receive the sworn statement of loss, of our intent to settle the loss according to one of the following methods:
 - (1) pay the value of lost or damaged property as determined in the Valuation Condition shown in the applicable coverage form;
 - (2) pay the cost of replacing or repairing the lost or damaged property, plus any reduction in value of repaired items;
 - (3) take all or any part of the property at an agreed or appraised value; or
 - (4) repair, rebuild or replace the property with other property of like kind and quality;
 - b. we will not pay you more than your financial interest in the covered property;
 - c. we may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property;
 - d. we may elect to defend you, at our expense, against suits arising from claims of owners of property;
 - e. we will pay for covered loss within 60 days after we receive the sworn statement of loss, if:
 - (1) you have complied with all of the terms of this policy; and
 - (2) we have reached agreement with you on the amount of loss or an appraisal award has been made.
5. **Duties in the Event of Loss.** You must see that the following are done in the event of loss to covered property:
 - a. notify the police if a law may have been broken;
 - b. give us prompt notice of the loss. Include a description of the lost or damaged property in the notice;
 - c. as soon as possible, give us a description of how, when and where the loss occurred;
 - d. take all reasonable steps to protect the covered property from further damage by an insured loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your emergency and temporary repair expenses for consideration in the settlement of the claim. This will not increase the limit of insurance;

(CONTINUED)

- e. at our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed;
 - f. permit us to inspect the property and records proving the loss;
 - g. if requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
 - h. send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
 - i. cooperate with us in the investigation or settlement of the claim;
 - j. resume all or part of your business activities at the described premises as quickly as possible.
6. **Appraisal.** If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. Each party will notify the other of the selected appraiser's identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
- a. pay its chosen appraiser; and
 - b. bear the other expenses of the appraisal and umpire equally.
- If we submit to an appraisal, we will still retain our right to deny the claim.
7. **Abandonment.** There can be no abandonment of any property to us.
8. **Legal Action Against Us.** No one may bring legal action against us under this insurance unless:
- a. there has been full compliance with all of the terms of this insurance; and
 - b. the action is brought within two years after the date on which the accidental direct physical loss occurred. But if the law of the state in which this policy is issued allows more than two years to bring legal action against us, that longer period of time will apply.
9. **Recovered Property.** If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property subject to the limit of insurance.
10. **No Benefit to Bailee.** No person or organization, other than you, having custody of covered property will benefit from this insurance.
11. **Knowledge or Control.** We will not pay for loss while the chance of loss is increased by any means within your knowledge or control.
12. **Policy Period, Coverage Territory.** We cover loss commencing during the policy period and within or between the coverage territory. The coverage territory is the United States of America (including its territories and possessions), Puerto Rico and Canada.
13. **Changes.** This policy contains all the agreements between you and us concerning the insurance afforded. You are authorized to make changes in the terms of this policy only with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
14. **Concealment, Misrepresentation or Fraud.** This policy is void in any case of fraud by you as it relates to the policy at any time. It is also void if you or any other insured intentionally conceal or misrepresent a material fact concerning:
- a. this policy;

(CONTINUED)

- b. the covered property;
- c. your interest in the covered property; or
- d. a claim under this policy.

15. **Examination of Your Books and Records.** We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

16. **Inspections and Surveys.** We have the right but are not obligated to make inspections and surveys at any time, give you reports on the conditions we find and recommend changes. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged.

We do not:

- a. make safety inspections;
- b. undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public;
- c. warrant that conditions are safe or healthful; or
- d. warrant that conditions comply with laws, regulations, codes or standards.

This condition applies not only to us but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

- 17. **Liberalization.** If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.
- 18. **Other Insurance.** If loss covered by this policy is also covered by other insurance written in your name, we will not pay for a greater proportion of the covered loss than this policy's Limit of Insurance bears to the total amount of insurance covering such loss.
- 19. **Premiums.** You are responsible for the payment of all premiums and will be the payee

for any return premiums. The premiums shown in this policy were computed based on rates in effect at the time the policy was issued.

20. **Transfer of Rights of Recovery Against Others to Us.** If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them.

You may waive your rights against another party in writing prior to a loss to your covered property. After a loss to your covered property, you may waive your rights against another party in writing only if, at the time of loss, that party is one of the following:

- a. someone covered by this insurance;
- b. a business firm owned or controlled by you; or
- c. a business firm that owns or controls you.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers without restricting your insurance.

21. **Transfer of Your Rights and Duties Under This Policy.** Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

22. **Conformity to State Law.** When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

INCREASED COST AND DEMOLITION COVERAGE ENDORSEMENT

1. In the event a building covered under Coverage A sustains an insured loss, we will pay for:
 - a. the increased cost to repair or rebuild the building caused by enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same insured loss and the requirement is in effect at the time the insured loss occurs. If the building is repaired or rebuilt, it must be intended for similar occupancy as the current building unless otherwise required by zoning or land use ordinance or law; and
 - b. the cost to demolish and clear the site of undamaged portions of the building caused by enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same insured loss and the requirement is in effect at the time the insured loss occurs.
 2. We will not pay for:
 - a. the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants, meaning any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemicals and waste;
 - b. any loss of value of the undamaged portion of the building caused by enforcement of any ordinance or law; or
 - c. any increased cost of construction under this endorsement:
 - (1) until the covered building is actually repaired or replaced at the same or another premises in the same general vicinity; and
 - (2) unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. We may extend this period in writing during the two years.
 3. To the extent of any coverage provided under this endorsement, the following item 1.a. is deleted from **LOSSES NOT INSURED** under **SECTION I LOSSES INSURED AND LOSSES NOT INSURED**:
 - a. the enforcement of any ordinance or law:
 - (1) regulating the construction, use or repair of any property; or
 - (2) requiring the tearing down of any property, including the cost of removing its debris;
 4. We will not pay more for the increased cost to repair or rebuild the building at the same or another premises in the same general vicinity if relocation is required by ordinance or law, and the cost to demolish and clear the site of undamaged parts of the building caused by enforcement of building, zoning or land use ordinance or law than the lesser of:
 - a. the amount you actually spend to demolish and clear the site of the undamaged portion of the building plus the increased cost to repair or rebuild the building but not for more than a building of the same height, floor area and style on the same premises as the covered building; or
 - b. 10% of the Coverage A limit of insurance on the building at the time of loss.

This coverage does not increase the limit of insurance applicable to the building.
 5. The terms of this endorsement apply separately to each building to which the policy applies. However, if more than one building is insured under a single Coverage A limit of insurance shown in the Declarations, the most we will pay in any one occurrence, regardless of the number of buildings involved, is 10% of that single limit of insurance.
- All other policy provisions apply.

INLAND MARINE MOBILE EQUIPMENT FORM

INSURING AGREEMENT

We will pay for accidental direct physical loss to the machinery and equipment used in your business.

LIMIT OF INSURANCE

We will pay for loss to covered property up to the limit shown on the Schedule Page.

DEDUCTIBLE

The deductible amount shown on the Schedule Page will only apply to the property covered by this form. This amount will be deducted from the amount of any loss under this coverage.

LOSSES NOT INSURED

This coverage does not apply to any loss caused by:

1. any dishonest or criminal act occurring at any time by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose whether acting alone or in collusion with others;
2. the weight of a load exceeding the registered lifting capacity of any vehicle or machine;
3. shifting of load, rough handling or poor packing;
4. unexplained or mysterious disappearance of property, or shortage of property disclosed on taking inventory;
5. delay, loss of use or loss of market;
6. wear, tear, gradual deterioration, latent defect, inherent vice, animals, freezing or extremes of

temperature, marring, scratching, corrosion, rust, or dampness of atmosphere;

7. mechanical or electrical breakdown or failure, but subsequent loss by fire, collision with another object, or upset following any mechanical or electrical breakdown or failure is covered;
8. war and military action, including:
 - a. undeclared or civil war;
 - b. warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
 - c. insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these;
9. nuclear hazard, meaning any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke.

But if accidental direct physical loss by fire results, we will pay for that resulting loss.

SPECIAL CONDITION

Valuation. The value of covered property will be determined at replacement cost, without deduction for depreciation, as of the time of loss.

INLAND MARINE INSTALLATION FORM

This form covers the property described on the Schedule Page.

INSURING AGREEMENT

We will pay for accidental direct physical loss to the covered property while:

1. in transit (including temporarily stored en route) to;
 2. awaiting installation at; or
 3. being installed at;
- the installation location.

If you are the owner or lessee of the installation location or the general contractor, coverage ceases when the covered property has been installed. Otherwise, coverage ceases when you no longer have an interest in the covered property.

LIMITS OF INSURANCE

We will pay for loss up to the limits shown on the Schedule Page for the following:

1. covered property at any one location;
2. covered property while in transit.

DEDUCTIBLE

The deductible amount shown on the Schedule Page will only apply to the property covered by this form. This amount will be deducted from the amount of any loss under this coverage.

LOSSES NOT INSURED

This coverage does not apply to any loss caused by:

1. any dishonest or criminal act occurring at any time y you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose whether acting alone or in collusion with others;
2. artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if accidental direct physical loss by fire results, we will pay for that resulting loss;

3. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if accidental direct physical loss by fire or combustion explosion results, we will pay for

that resulting loss. We will also pay for loss caused by the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass;

4. testing;
5. weight of a load exceeding the registered lifting capacity of any vehicle or machine;
6. unexplained or mysterious disappearance of property, or shortage of property disclosed on taking inventory;
7. delay, loss of use or loss of market;
8. wear, tear, gradual deterioration, latent defect, inherent vice, animals, freezing or extremes of temperature, marring, scratching, corrosion, rust, or dampness of atmosphere;
9. mechanical breakdown, but subsequent loss by fire, collision with another object, or upset following any mechanical breakdown is covered;
10. nuclear hazard, meaning any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke.

But if accidental direct physical loss by fire results, we will pay for that resulting loss;

11. war and military action, including:
 - a. undeclared or civil war;
 - b. warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
 - c. insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

SPECIAL CONDITION

Valuation. The value of covered property will be determined at replacement cost, without deduction for depreciation, as of the time of loss.

BUILDING COVERAGE FOR TENANTS

SECTION I PROPERTY COVERAGES

Under **COVERAGE B – BUSINESS PERSONAL PROPERTY** item 3. is replaced by the following:

3. tenant's improvements and betterments, meaning:
 - a. fixtures, alterations, installations or additions:
 - (1) made a part of the building or structure you occupy but do not own; and
 - (2) you acquired or made at your expense but cannot legally remove;
 - b. property as described in **COVERAGE A – BUILDINGS**, if you are a tenant and no limit of insurance is shown in the Declarations for **COVERAGE A – BUILDINGS**. The property must be your insurance responsibility according to the terms of your lease or rental agreement.
- Item a.(3) under **Valuation** of **SECTION I – CONDITIONS** does not apply to paragraph 3.b. above.

All other policy provisions apply.

FE-6859

In accordance with the Terrorism Risk Insurance Reauthorization Act of 2007, this disclosure is part of your policy.

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Coverage for acts of terrorism is not excluded from your current policy. However your policy does contain other exclusions which may be applicable, such as an exclusion for nuclear hazard. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under this policy, any covered losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. Under the formula, the United

States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

There is no separate premium charged to cover insured losses caused by terrorism. Your insurance policy establishes the coverage that exists for insured losses. This notice does not expand coverage beyond that described in your policy.

THIS IS YOUR NOTIFICATION THAT UNDER THE TERRORISM RISK INSURANCE ACT, AS AMENDED, ANY LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM UNDER YOUR POLICY MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT AND MAY BE SUBJECT TO A \$100 BILLION CAP THAT MAY REDUCE YOUR COVERAGE.

FE-6999.1

CONTRACTORS POLICY - SPECIAL FORM 3

TABLE OF CONTENTS

DECLARATIONS:	Named Insured	Limits of Insurance
	Location of Covered Premises	Coverages and Property
	Policy Period	Deductibles

Beginning on Page

SECTION I

PROPERTY COVERAGES

Coverage A - Buildings	2
Coverage B - Business Personal Property	2
Property Not Covered	2
Property Subject To Limitations	3
Inflation Coverage	4

LOSSES INSURED AND LOSSES NOT INSURED

Losses Insured	4
Losses Not Insured	4

EXTENSIONS OF COVERAGE

7

OPTIONAL COVERAGES

Optional Coverages	11
OPTION AR - Accounts Receivable	11
OPTION ED - Employee Dishonesty	11
OPTION ES - Exterior Signs	12
OPTION MB - Mechanical Breakdown	12
OPTION PO - Property of Others	14
OPTION VP - Valuable Papers and Records	14

DEDUCTIBLES

14

CONDITIONS

14

SECTION II

COMPREHENSIVE BUSINESS LIABILITY

Coverage L - Business Liability	18
Property Damage Liability Deductible	18
Right And Duty To Defend	18
Supplementary Payments	18
Business Liability Exclusions	19

PROPERTY DAMAGE LEGAL LIABILITY

22

MEDICAL PAYMENTS

Coverage M - Medical Payments	22
Medical Payments Exclusions	23

BUSINESS LIABILITY AND MEDICAL PAYMENTS

NUCLEAR LIABILITY EXCLUSIONS

Nuclear Liability Exclusions	23
------------------------------	----

DESIGNATION OF INSURED

Who Is An Insured	25
-------------------	----

BUSINESS LIABILITY AND MEDICAL PAYMENTS

LIMITS OF INSURANCE

Limits Of Insurance	26
---------------------	----

GENERAL CONDITIONS

26

DEFINITIONS

27

SECTION I AND SECTION II

COMMON CONDITIONS

31

Includes copyrighted material of State Farm Fire and Casualty Company.
Copyright, State Farm Fire and Casualty Company, 1983.

And also,

FP-6100
(3/85)

Includes copyrighted material of Insurance Services Office with its permission.
Copyright, Insurance Services Office, Inc., 1962, 1982, 1984, 1985, 1986.

Printed in U.S.A.

AGREEMENT: We agree to provide the insurance described in this policy. You agree to pay premiums when due and comply with the provisions of this policy.

DEFINITIONS: Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. Declarations include the policy Declarations, supplemental Declarations pages, any amendments thereto, the most recent renewal notice or certificate, or any endorsement changing any of these. The words "we", "us" and "our" refer to the Company providing this insurance.

Each time the phrase "Specified Causes of Loss" is used in this policy, it refers to all of the following causes:

1. fire;
2. lightning;
3. explosion;
4. windstorm or hail;
5. smoke;
6. aircraft or vehicles;
7. riot or civil commotion;
8. vandalism;
9. leakage from fire extinguishing equipment;
10. sinkhole collapse, meaning the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations but does not include the cost of filling sinkholes;
11. volcanic action, meaning the airborne volcanic blast or airborne shock waves, lava flow, ash, dust or particulate matter resulting from the eruption of a volcano but does not include the cost of removing ash, dust or particulate matter that does not cause direct physical loss or damage to covered property;
12. falling objects, not including loss or damage to:
 - a. personal property in the open; or
 - b. the interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object;
13. weight of snow, ice or sleet;
14. water damage, meaning accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

SECTION I PROPERTY COVERAGES

COVERAGE A - BUILDINGS

When a limit of insurance is shown in the Declarations for Coverage A, we will pay for accidental direct physical loss of or damage to buildings at the premises described in the Declarations caused by or resulting from any insured loss. Buildings, meaning buildings and structures, include the following types of property at the described premises:

1. garages, storage buildings, completed additions, swimming pools, fences, retaining walls and other appurtenant structures;
2. permanently installed fixtures, machinery and equipment;
3. personal property owned by you that is used to maintain or service the buildings or the premises, including:
 - a. fire extinguishing equipment;
 - b. outdoor furniture or fixtures;
 - c. floor coverings; and
 - d. appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
4. additions under construction, alterations and repairs to the buildings if not covered by other insurance;
5. materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures if not covered by other insurance.

COVERAGE B - BUSINESS PERSONAL PROPERTY

When a limit of insurance is shown in the Declarations for Coverage B, we will pay for accidental direct physical loss of or damage to business personal property at the premises described in the Declarations caused by or resulting from any insured loss. Business personal property includes the following types of property located in or on the buildings at the described premises or in the open (or in a vehicle) on or within 100 feet of the described premises:

1. property you own that is used in your business;

2. property of others that is in your care, custody or control. However, this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on property of others; and
3. tenant's improvements and betterments, meaning fixtures, alterations, installations or additions:
 - a. made a part of the building or structure you occupy but do not own; and
 - b. you acquired or made at your expense but cannot legally remove.

Seasonal Automatic Increase. The limit of insurance for Coverage B - Business Personal Property will automatically increase by 25% to provide for seasonal variations. This increase will apply only if the limit of insurance shown for Coverage B in the Declarations is at least 100% of your average monthly values during the lesser of:

1. the 12 months immediately preceding the date the loss or damage occurs; or
2. the period of time you have been in business as of the date the loss or damage occurs.

PROPERTY NOT COVERED

This policy does not cover:

1. aircraft;
2. automobiles, motor trucks and other vehicles subject to motor vehicle registration;
3. watercraft (including motors, equipment and accessories) while afloat;
4. money or securities;
5. contraband, or property in the course of illegal transportation or trade;
6. land (including land on which the property is located) or any costs required to replace, rebuild, excavate, grade, backfill, fill, stabilize or otherwise restore the land, except as provided in the Extensions of Coverage;
7. natural water or growing crops;

**SECTION I
PROPERTY
COVERAGES (cont.)**

8. exterior signs, except as provided in the Extensions of Coverage; or
 9. animals, except as provided in the Property Subject to Limitations;
 10. the cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Extensions of Coverage;
 11. trees, plants, lawns and shrubs, except as provided in the Extensions of Coverage; or
 12. property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance.
- b. bottles or similar containers of property held for sale or sold but not delivered; or
 - c. lenses of photographic or scientific instruments;
3. by theft of the following types of property for more than the limits shown in any one occurrence:
 - a. \$2,500 for furs, fur garments and garments trimmed with fur;
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item;
 - c. \$2,500 for patterns, dies, molds and forms; and
 - d. \$250 for stamps, tickets and letters of credit;

**PROPERTY SUBJECT
TO LIMITATIONS**

We will not pay for loss of or damage:

1. to valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other electronic data processing, recording or storage media, and other records, caused by or resulting from any error in programming. But if loss or damage to papers or records, including those which exist on electronic or magnetic media, is caused by or results from any other insured loss, we will pay either:
 - a. the cost of replacing the papers or records with duplicates of like kind and quality, such as prepackaged software programs, if duplicate material is available on the current retail market; or
 - b. the cost of unexposed or blank material for reproducing the papers or records, if they cannot be replaced with duplicate material of like kind and quality;
 2. to fragile articles, such as glassware, statuary, marbles, chinaware, porcelains, bric-a-brac and other articles of a brittle nature, if broken, unless caused by any of the "Specified Causes of Loss" or by building glass breakage. This limitation does not apply to:
 - a. glass that is part of a building or structure;
4. to animals which are:
 - a. owned by you as merchandise held in storage or for sale while inside of buildings; or
 - b. owned by others and boarded by you;unless caused by any of the "Specified Causes of Loss" or building glass breakage and then only if they are killed or their destruction is made necessary, or by theft;
 5. to builders' machinery, tools and equipment you own or that are entrusted to you, other than those held for sale by you, unless caused by the "Specified Causes of Loss", building glass breakage or theft;
 6. to bridges, roadways, driveways, walks, patios or other paved surfaces, fences, outdoor swimming pools and related equipment, retaining walls, bulkheads, pilings, piers, wharves, docks and underground pipes, flues or drains caused by or resulting from:
 - a. freezing or thawing;
 - b. impact of watercraft; or
 - c. the pressure or weight of ice or water whether driven by wind or not;

**SECTION I
PROPERTY
COVERAGES (cont.)**

7. to the interior of any building or structure, or the property inside any building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - a. the building or structure first sustains damage by an insured loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - b. the loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure;
8. to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass;
9. to hot water boilers or other water heating equipment, air conditioning units or refrigerating units caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion;

10. to personal property in the open caused by or resulting from rain, snow, sleet or ice;
11. to gutters and downspouts caused by or resulting from weight of snow, sleet or ice.

**INFLATION
COVERAGE**

The limits of insurance specified in the Declarations of this policy for Coverage A - Buildings and Coverage B - Business Personal Property will automatically increase by the applicable Inflation Coverage Index shown in the Declarations.

To determine the limits of insurance on a particular date, the Index level available on that date will be divided by the Index level as of the effective date of this inflation coverage provision and the resulting factor multiplied by the limits of insurance for Coverage A and Coverage B separately. In no event will the limits of insurance be reduced to less than those shown in the Declarations or most recent renewal notice, whichever is greater.

If during the term of this policy the limit of insurance for Coverage A or Coverage B is changed at your request, the effective date of this inflation coverage provision is amended to coincide with the effective date of such change.

**SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED**

**LOSSES
INSURED**

We insure for accidental direct physical loss to property covered under this policy unless the loss is:

1. limited in the **PROPERTY SUBJECT TO LIMITATIONS** section; or
2. excluded in the **LOSSES NOT INSURED** section that follows.

**LOSSES
NOT INSURED**

1. We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the cause of the excluded event; or (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss:

- a. the enforcement of any ordinance or law:
 - (1) regulating the construction, use or repair of any property; or
 - (2) requiring the tearing down of any property, including the cost of removing its debris;
- b. earth movement, meaning the sinking, rising, shifting, expanding or contracting of earth, all whether combined with water or not. Earth movement includes but is not limited to earthquake, landslide, erosion and subsidence but does not include sinkhole collapse.

But if direct loss or damage by fire, explosion other than explosion of a volcano, theft or building glass breakage results, we will pay for that resulting loss or damage;

- c. volcanic eruption, explosion or effusion. But if direct loss or damage by fire, explosion other than explosion of a volcano, theft, building

SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED (cont.)

glass breakage or "volcanic action" results, we will pay for that resulting loss or damage.

"Volcanic action" means direct loss or damage to covered property resulting from the eruption of a volcano when the loss or damage is caused by:

- (1) airborne volcanic blast or airborne shock waves;
- (2) ash, dust or particulate matter; or
- (3) lava flow.

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence.

We will not pay for the cost of removing ash, dust or particulate matter resulting from the eruption of a volcano that does not cause direct physical loss of or damage to covered property;

d. water, such as:

- (1) flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not;
- (2) mudslide or mudflow;
- (3) water that backs up from a sewer or drain or enters into and overflows from within a sump pump, sump pump well or any other system designed to remove sub-surface water drained from the foundation area; or
- (4) water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through:
 - (a) foundations, walls, floors or paved surfaces;
 - (b) basements, whether paved or not; or
 - (c) doors, windows or other openings.

But if direct loss or damage by fire, explosion, theft, building glass breakage or leakage of water from a fire protective system results, we will pay for that resulting loss or damage;

e. seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy;

f. nuclear hazard, meaning any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke.

But if direct loss or damage by fire results, we will pay for that resulting loss or damage;

g. the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if direct loss or damage by an insured loss results, we will pay for that resulting loss or damage;

h. war and military action, including:

- (1) undeclared or civil war;
- (2) warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
- (3) insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We do not insure for loss either consisting of, or directly and immediately caused by, one or more of the following:

a. artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if direct loss or damage by fire results, we will pay for that resulting loss or damage;

b. delay, loss of use or loss of market;

SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED (cont.)

- c. smoke, vapor or gas from agricultural smudging or industrial operations;
- d. smog, wear, tear, rust, corrosion, fungus, mold, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

But if direct loss or damage by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss or damage;

- e. the presence, release, discharge or dispersal of pollutants, meaning any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemicals and waste, except as provided in the Pollutant Clean Up and Removal extension of coverage.

But if direct loss or damage by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss or damage;

- f. settling, cracking, shrinking, bulging or expansion.

But if direct loss or damage by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss or damage;

- g. insects, birds, rodents or other animals.

But if direct loss or damage by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss or damage;

- h. mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if direct loss or damage by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss or damage;

- i. causes of loss to personal property:
- (1) dampness or dryness of atmosphere;
 - (2) changes in or extremes of temperature; or
 - (3) marring or scratching.

But if direct loss or damage by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss or damage;

- j. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if direct loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass;

- k. continuous or repeated seepage or leakage of water that occurs over a period of time;

- l. water that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) you do your best to maintain heat in the building or structure; or
- (2) you drain the equipment and shut off the water supply if the heat is not maintained;

- m. dishonest or criminal act occurring at any time by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose whether acting alone or in collusion with others.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered;

- n. voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense;

- o. unexplained or mysterious disappearance of property, or shortage of property disclosed on taking inventory;

- p. collapse, except as provided in the Extensions of Coverage.

**SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED (cont.)**

But if direct loss or damage by an insured loss results at the described premises, we will pay for that resulting loss or damage.

3. We do not insure under any coverage for any loss consisting of one or more of the items below. Further, we do not insure for loss described in paragraphs 1. and 2. immediately above regardless of whether one or more of the following: (a) directly or indirectly cause, contribute to or aggravate the loss; or (b) occur before, at the same time, or after the loss or any other cause of the loss:

- a. conduct, acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body whether intentional, wrongful, negligent or without fault;
- b. faulty, inadequate, unsound or defective:

- (1) planning, zoning, development, surveying, siting;
- (2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) materials used in repair, construction, renovation or remodeling; or
- (4) maintenance;

of part or all of any property (including land, structures or improvements of any kind) on or off the described premises.

But if direct loss or damage results from items 3.a. and 3.b., we will pay for that resulting loss or damage unless the resulting loss is itself one of the losses not insured in this section.

**SECTION I
EXTENSIONS OF
COVERAGE**

**EXTENSIONS OF
COVERAGE**

Subject to the terms and conditions applicable to Section I of this policy, the following Extensions of Coverage apply separately to each location scheduled in the Declarations. But the amount of insurance afforded on any one scheduled location will not be more than the limit of insurance specified in each Extension of Coverage if a limit is included in the extension.

1. Debris Removal.

- a. We will pay your expense to remove debris of covered property caused by or resulting from an insured loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days after either the date of direct physical loss or damage or the termination of this policy, whichever is earlier.
- b. The most we will pay for debris removal expense is 25% of the sum of the amount we pay for the direct loss or damage plus the deductible in this policy applicable to that loss or damage.

But if:

- (1) the sum of loss or damage and debris removal expense exceeds the Coverage A and Coverage B limit of insurance; or

- (2) the debris removal expense exceeds the amount payable under the 25% debris removal coverage limitation described in paragraph b. above;

we will pay up to an additional \$5,000 for each location in any one occurrence for debris removal expense.

- c. This Extension of Coverage does not apply to costs to:

- (1) extract pollutants (meaning any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemicals and waste) from land or water; or
- (2) remove, restore or replace polluted land or water.

2. **Preservation of Property.** We will pay for any direct physical loss of or damage to covered property while it is being moved or while temporarily stored at another location only if:

- a. it is necessary to move the property from the described premises to preserve it from loss or damage by an insured loss; and
- b. the loss or damage occurs within 10 days after the property is first moved.

**SECTION I
EXTENSIONS OF
COVERAGE (cont.)**

3. **Fire Department Service Charge.** We will pay up to \$1,000, as an additional amount of insurance, for your liability for fire department service charges assumed by contract or agreement prior to loss or required by local ordinance when the fire department is called to save or protect covered property from an insured loss.

4. **Collapse.**

a. We will pay for any direct physical loss of or damage to covered property involving collapse of a building or any part of a building caused only by one or more of the following:

- (1) any of the "Specified Causes of Loss" or breakage of building glass, only as insured against in this policy;
- (2) hidden decay;
- (3) hidden insect or vermin damage;
- (4) weight of people or personal property;
- (5) weight of rain that collects on a roof;
- (6) use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

b. We will not pay for loss or damage to the following types of property caused by items a.(2), (3), (4), (5) and (6) above unless the loss or damage is a direct result of the collapse of a building:

- (1) awnings, gutters and downspouts;
- (2) yard fixtures, fences, outdoor swimming pools, piers, wharves and docks;
- (3) beach or diving platforms or appurtenances;
- (4) retaining walls, walks, roadways and other paved surfaces.

c. Collapse does not include settling, cracking, shrinking, bulging or expansion.

5. **Water Damage.** If loss or damage caused by or resulting from a covered water damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure required to repair

the damaged system or appliance from which the water or steam escapes.

We will not pay the cost of repairing or replacing the damaged system or appliance itself. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the fire equipment damage:

- a. is directly caused by freezing; or
- b. results in sprinkler leakage.

6. **Extra Expense.** We will pay up to \$5,000, as an additional amount of insurance, for the necessary extra expense you incur to avoid or minimize the suspension of your business and to continue normal operations which are interrupted as a result of direct physical loss of or damage to covered property at the described premises caused by or resulting from an insured loss.

This Extension of Coverage applies only during the time required for the damaged property at the described premises to be repaired, rebuilt or replaced with reasonable speed and similar quality in order to restore normal business operations.

7. **Pollutant Clean Up and Removal.** We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal of the "pollutants" is caused by or results from an insured loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days after either the date of direct physical loss or damage or the termination of this policy, whichever is earlier.

The most we will pay for each location under this Extension of Coverage is \$10,000, as an additional amount of insurance, for the sum of all such expenses arising out of insured losses occurring during each separate 12 month period of this policy.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

8. **Arson Reward.** We will pay a reward in the amount of \$5,000, as an additional amount of insurance, for information which leads to an arson conviction in connection with a fire loss covered under this policy. Regardless of the number of persons involved in providing information, the most we will pay in any one occurrence under this Extension of Coverage is \$5,000.

**SECTION I
EXTENSIONS OF
COVERAGE (cont.)**

9. **Fire Extinguisher Recharge.** We will pay the expense you incur, as an additional amount of insurance, to recharge a portable fire extinguisher when it has been used to combat a covered fire.

10. **Accounts Receivable.**

a. We will pay for the following that results from direct physical loss or damage by an insured loss to your records of accounts receivable at the described premises:

- (1) all amounts due from your customers that you are unable to collect;
- (2) interest charges on any loan required to offset amounts you are unable to collect pending repayment of these amounts;
- (3) collection expenses in excess of your normal collection expenses that are made necessary by loss or damage;
- (4) other reasonable expenses that you incur to re-establish your records of accounts receivable.

b. The most we will pay in any one occurrence under this Extension of Coverage is \$5,000, as an additional amount of insurance, and applies only while records of accounts receivable are contained in the described premises, except while the records are:

- (1) in actual use; or
- (2) being removed to a place of safety because of imminent danger of loss or damage and while being returned to the described premises.

11. **Valuable Papers and Records.** We will pay your expense to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay in any one occurrence at each described premises under this Extension of Coverage is \$5,000 as an additional amount of insurance.

12. **Newly Acquired Buildings and Business Personal Property.**

a. You may extend the insurance that applies to Coverage A - Buildings to apply to:

(1) your new buildings or new additions while being constructed on the described premises; or

(2) buildings you acquire at locations other than the described premises, intended for similar use as the building described in the Declarations or for use as a warehouse.

The most we will pay for loss or damage under this extension, as an additional amount of insurance, is 50% of the limit of insurance shown in the Declarations for Coverage A - Buildings but not more than \$250,000 for each building.

b. You may extend the insurance that applies to Coverage B - Business Personal Property to apply to that property at any location you acquire.

The most we will pay for loss or damage under this extension, as an additional amount of insurance, is 50% of the limit of insurance shown in the Declarations for Coverage B - Business Personal Property but not more than \$100,000 at each premises.

c. Insurance provided under this extension is limited to a period of 90 days from the date:

- (1) construction begins;
- (2) you report the values of new construction to us;
- (3) you acquire new buildings or business personal property;

whichever occurs first.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

d. This Extension of Coverage does not apply to any:

- (1) job site at which you are engaged in construction, repair or similar operations; or
- (2) temporary storage location used in connection with such construction, repair or similar operations.

**SECTION I
EXTENSIONS OF
COVERAGE (cont.)**

13. **Elevator Collision.** We will pay for any direct physical loss of or damage to the following property caused by accidental collision of any part of an elevator or of anything carried on the elevator with another part of the elevator or with another object:

- a. elevators;
- b. any other property you own, occupy, use or rent;
- c. property of others that is in your care, custody or control for business purposes and for which you are liable.

The most we will pay for loss or damage under this extension, as an additional amount of insurance, is 25% of the limits of insurance shown in the Declarations for Coverage A - Buildings and Coverage B - Business Personal Property but not more than \$50,000 in any one occurrence.

14. **Property Off Premises.** We will pay up to \$15,000 in any one occurrence, as an additional amount of insurance, for any direct physical loss of or damage to covered property while temporarily located at another premises in the United States of America, Puerto Rico and Canada caused by or resulting from an insured loss.

The insurance provided under this extension applies only for a period of 90 days to covered property located at another premises you own, lease, operate or regularly use.

This Extension of Coverage does not apply to any:

- a. covered property while in transit;
- b. job site at which you are engaged in construction, repair or similar operations; or
- c. temporary storage location used in connection with such construction, repair or similar operations.

15. **Personal Effects.** You may extend the insurance that applies to Coverage B - Business Personal Property to apply to personal effects owned by you, your officers, your partners or your employees only while the personal effects are located at the premises described in the Declarations. The most we will pay for loss or damage in any one occurrence under this Extension of Coverage is \$500 as an additional amount of insurance.

The Other Insurance Condition contained in the Section I and Section II Common Conditions does not apply to this Extension of Coverage. This extension does not apply if the loss is covered by any other insurance, or would have been covered by such other insurance in the absence of this policy. We will decide if our payments for loss or damage under this extension will be made to you or to the owner of the property.

16. **Property of Others.** You may extend the insurance that applies to Coverage B - Business Personal Property to apply to personal property of others in your care, custody or control only while the personal property is located at the premises described in the Declarations. The most we will pay for loss or damage in any one occurrence under this Extension of Coverage is \$2,500 as an additional amount of insurance.

This Extension of Coverage does not apply to:

- a. personal effects owned by you, your officers, your partners or your employees;
- b. personal property of others that must be restored, repaired or replaced because your work was incorrectly performed on it; or
- c. leased business personal property or property on consignment in your care, custody or control.

The Other Insurance Condition contained in the Section I and Section II Common Conditions does not apply to this Extension of Coverage. The insurance provided under this Extension of Coverage is primary and does not contribute with any other insurance. We will decide if our payment for loss or damage under this extension will be made to you or to the owner of the property.

17. **Trees, Plants, Lawns and Shrubs.** We will pay for any direct physical loss of or damage to your trees, plants, lawns and shrubs, other than those you own as merchandise held in storage or for sale, while located at the premises described in the Declarations caused by or resulting from any of the following causes of loss:

- a. fire;
- b. lightning;
- c. explosion;
- d. riot or civil commotion;

**SECTION I
EXTENSIONS OF
COVERAGE (cont.)**

- e. aircraft or vehicles;
- f. vandalism; or
- g. theft.

The most we will pay for loss or damage, including debris removal expense, in any one occurrence under this extension is \$5,000 as an additional amount of insurance.

3. **Exterior Signs.** We will pay for any direct physical loss of or damage to all exterior signs at the described premises which are owned by you, or owned by others but are in your care, custody or control, caused by or resulting from any cause other than:

- a. wear and tear;
- b. hidden or latent defect;
- c. rust or corrosion; or
- d. mechanical breakdown.

The most we will pay for loss or damage in any one occurrence under this Extension of Coverage is \$500 as an additional amount of insurance.

19. **Tenant Glass.** We will pay for any direct physical loss of or damage to glass in a building or part of a building, including glass contained in fixtures permanently attached to the building, occupied but not owned by you, caused by or resulting from an insured loss.

20. **Land.** We will pay up to \$10,000 in any one occurrence, as an additional amount of insurance, for the expense you incur to replace, rebuild, stabilize or otherwise restore the land necessary to support the insured buildings which are lost or damaged as a result of an insured loss.

21. **Damage to Non-Owned Buildings from Theft, Burglary or Robbery.** We will pay for any direct physical loss of or damage to a building or part of a building, including equipment pertaining to the service of the building, occupied but not owned by you caused by or resulting from actual or attempted theft, burglary or robbery.

This Extension of Coverage does not apply to:

- a. glass, other than glass building blocks;
- b. any lettering or ornamentation; or
- c. building property or equipment removed from the premises.

**SECTION I
OPTIONAL
COVERAGES**

**OPTIONAL
COVERAGES**

The following Optional Coverages are subject to the terms and conditions applicable to Section I of this policy, unless otherwise indicated. Each Optional Coverage applies only as indicated in the Declarations.

**OPTION AR -
Accounts Receivable**

The limit of insurance for Accounts Receivable under Extensions of Coverage is changed to the amount shown in the Declarations for this Option AR.

**OPTION ED -
Employee Dishonesty**

When an amount is shown in the Declarations for this Option ED, we will pay for any direct physical loss of or damage to business personal property,

including money and securities, resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- a. cause you to sustain loss or damage; and
- b. obtain financial benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment, for any employee or any other person or organization.

2. We will not pay for loss or damage:

- a. resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons;

**SECTION I
OPTIONAL
COVERAGES (cont.)**

- b. when the only proof of which as to its existence or amount is an inventory computation or a profit and loss computation.
3. The most we will pay for loss or damage in any one occurrence is the limit of insurance shown in the Declarations for this Option ED. But we will not pay you more for loss or damage to covered property than:
 - a. the face value of money;
 - b. replacement cost of business personal property at the time of the loss; or
 - c. the value of securities at the close of business on the day the loss is discovered.
4. All loss or damage involving a single act, or series of related acts, caused by one or more persons is considered one occurrence.
5. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no limit of insurance cumulates from year to year or period to period.
6. This optional coverage does not apply to any employee immediately upon discovery by you, or any of your partners, officers or directors not in collusion with the employee, of any dishonest act committed by that employee before or after being hired by you.
7. We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.
8. If you, or any predecessor in interest, sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this optional coverage, provided:
 - a. this optional coverage became effective at the time of cancellation or termination of the prior insurance; and
 - b. the loss or damage would have been covered by this optional coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

9. The insurance under paragraph 8. above is part of, not in addition to, the limit of insurance applying to this optional coverage and is limited to the lesser of the amount recoverable under:
 - a. this optional coverage as of its effective date; or
 - b. the prior insurance had it remained in effect.

**OPTION ES -
Exterior Signs**

The limit of insurance for Exterior Signs under Extensions of Coverage is changed to the amount shown in the Declarations for this Option ES.

**OPTION MB -
Mechanical Breakdown
(Boilers, Pressure Vessels, Air Conditioning Units)**

1. When this Option MB is shown as applicable in the Declarations, we will pay for any direct physical loss of or damage to covered property caused by an "accident" to an "object" which is owned by you or in your care, custody or control. Our payments for loss or damage to covered property as a result of an "accident" to an "object" is part of and not in addition to the limit of insurance that applies to property.
2. We will also pay the reasonable extra cost to make temporary repairs and to expedite permanent repairs or replacement of covered property damaged by an "accident". But our payment for these expediting expenses will be limited to what is left of the property limit of insurance after we pay your loss for covered property damaged by an "accident" or \$5,000, whichever is less.
3. When used in the provisions of this Option MB:
 - a. "accident":
 - (1) means a sudden and accidental breakdown of the "object" or a part of the "object". The breakdown must manifest itself at the time the breakdown occurs by physical damage to the "object" to the extent that the "object" requires repair or replacement;
 - (2) does not mean any of the following:
 - (a) depletion, deterioration, corrosion or erosion of material;

**SECTION I
OPTIONAL
COVERAGES (cont.)**

- (b) wear and tear;
 - (c) leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (d) breakdown of any vacuum tube, gas tube, brush, electronic computer, electronic data processing equipment, structure or foundation supporting the "object" or any of its parts;
 - (e) the functioning of any safety or protective device; or
 - (f) the explosion of gases or fuel within the furnace of any "object" or within the flues or passages through which the gases of combustion pass;
- b. in respect to boilers and pressure vessels, "object":
- (1) means any of the following equipment:
 - (a) steam heating boilers and condensate return tanks used with them, including steam boilers used in dry cleaning operations;
 - (b) hot water heating boilers and expansion tanks used with them;
 - (c) hot water supply boilers;
 - (d) other fired or unfired vessels used for maintenance or service of the premises where they are located but not used for any manufacturing or processing other than that processing related to dry cleaning operations;
 - (e) steam boiler piping, valves, fittings, traps and separators, but only if they:
 - i. are on your premises or between parts of your premises;
 - ii. contain steam or condensate of steam; and
 - iii. are not part of any other vessel or apparatus;
 - (2) does not mean any:
 - (a) feed water piping between any steam boiler and a feed pump or injector;
 - (b) boiler settings;
 - (c) insulating or refractory material; or
 - (d) electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel;
- c. in respect to air conditioning units, "object":
- (1) means any air conditioning unit that has a capacity of 60,000 BTU per hour (5 horsepower) or more, including:
 - (a) inductors, convectors and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;
 - (b) interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;
 - (c) vessels heated directly or indirectly that form part of an absorption type unit and function as a generator, refrigerator or concentrator;
 - (d) compressors, pumps, fans and blowers used solely with the unit together with their driving electric motors; and
 - (e) control equipment used solely with the unit;
 - (2) does not mean any:
 - (a) vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or

**SECTION I
OPTIONAL
COVERAGES (cont.)**

- (b) wiring or piping leading to or from the unit.

4. We will not pay for loss or damage resulting from an "accident" to any "object" while being tested.

5. Whenever an "object" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "object". We can do this by delivering or mailing a written notice of suspension to:

- a. your last known address; or
- b. the address where the "object" is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

**OPTION PO -
Property of Others**

The limit of insurance for Property of Others under Extensions of Coverage is changed to the amount shown in the Declarations for this Option PO.

**OPTION VP -
Valuable Papers and Records**

The limit of insurance for Valuable Papers and Records under Extensions of Coverage is changed to the amount shown in the Declarations for this Option VP.

**SECTION I
DEDUCTIBLES**

DEDUCTIBLES

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible. We will then pay only the amount of loss or damage in excess of the deductible up to the applicable limit of insurance.

The deductible shown in the Declarations will be deducted from any loss or damage under Section I of this policy other than that Section I loss or damage to which the following special deductible amounts will be applied:

1. \$100 from the amount of all loss or damage in any one occurrence to glass;
2. \$250 from the amount of all loss or damage in any one occurrence under the Employee Dishonesty

optional coverage when Option ED is designated in the Declarations;

3. \$250 from the amount of all loss or damage in any one occurrence under the Mechanical Breakdown optional coverage when Option MB is designated in the Declarations.

But we will not deduct more than the deductible shown in the Declarations from the total amount of all loss or damage in any one occurrence nor more than the special deductible that applies to any loss or damage subject to the special deductible amounts.

No deductible will be applied to the Arson Reward, Fire Department Service Charge, Extra Expense and Fire Extinguisher Recharge Extensions of Coverage.

**SECTION I
CONDITIONS**

CONDITIONS

1. **Loss Payment.** In the event of loss or damage covered by this policy:

- a. we will give notice, within 30 days after we receive the sworn statement of loss, of our intent to settle the loss according to one of the following methods:

- (1) pay the value of lost or damaged property as determined in Condition 2. Valuation;

- (2) pay the cost of replacing or repairing the lost or damaged property, plus any reduction in value of repaired items;

- (3) take all or any part of the property at an agreed or appraised value; or

- (4) repair, rebuild or replace the property with other property of like kind and quality;

SECTION I
CONDITIONS (cont.)

- b. we will not pay you more than your financial interest in the covered property; pairs promptly. We will determine the proportionate value as follows:
- c. we may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property;
- i. multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- ii. divide the amount determined in i. above by the number of days from the installation of improvements to the expiration of the lease.
- d. we may elect to defend you, at our expense, against suits arising from claims of owners of property;
- e. we will pay for covered loss or damage within 60 days after we receive the sworn statement of loss, if:
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure;
- (1) you have complied with all of the terms of this policy; and
- (2) we have reached agreement with you on the amount of loss or an appraisal award has been made.
- (b) not pay anything if others pay for the repairs or replacement of your improvements and betterments;
- (c) pay for loss or damage to tenant's improvements and betterments on a replacement cost basis only if you make repairs promptly;
2. **Valuation.** The value of covered property will be determined at:
- (4) we will not pay more for loss or damage in any one occurrence on a replacement cost basis than the least of:
- a. replacement cost, without deduction for depreciation, as of the time of loss or damage to all covered property other than that described in b. below, but:
- (a) the limit of insurance under this policy applicable to the lost or damaged property;
- (b) the cost to replace the lost or damaged property on the same premises with other property of comparable material and quality that can be used for the same purpose; or
- (c) the amount you actually spend that is necessary to repair or replace the lost or damaged property;
- (1) you may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage;
- (2) we will not pay for any loss or damage on a replacement cost basis until the lost or damaged property is actually repaired or replaced and then, only if the repairs or replacement are made as soon as reasonably possible after the loss or damage;
- (5) we will pay for loss or damage to glass at the cost of replacement with safety glazing material if required by law;
- (3) we will:
- b. actual cash value as of the time of loss or damage to the following covered property:
- (a) not pay more for loss or damage to tenant's improvements and betterments than a proportion of your original cost if you do not make re-
- (1) used or second-hand merchandise held in storage or for sale;

SECTION I
CONDITIONS (cont.)

- (2) manuscripts;
- (3) works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
3. **Duties in the Event of Loss or Damage.** You must see that the following are done in the event of loss or damage to covered property:
- a. notify the police if a law may have been broken;
 - b. give us prompt notice of the loss or damage. Include a description of the lost or damaged property in the notice;
 - c. as soon as possible, give us a description of how, when and where the loss or damage occurred;
 - d. take all reasonable steps to protect the covered property from further damage by an insured loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your emergency and temporary repair expenses for consideration in the settlement of the claim. This will not increase the limit of insurance;
 - e. at our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed;
 - f. permit us to inspect the property and records proving the loss or damage;
 - g. if requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
 - h. send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
 - i. cooperate with us in the investigation or settlement of the claim;
 - j. resume all or part of your business activities at the described premises as quickly as possible.
4. **Appraisal.** If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. Each party will notify the other of the selected appraiser's identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
- a. pay its chosen appraiser; and
 - b. bear the other expenses of the appraisal and umpire equally.
- If we submit to an appraisal, we will still retain our right to deny the claim.
5. **Abandonment.** There can be no abandonment of any property to us.
6. **Legal Action Against Us.** No one may bring legal action against us under this insurance unless:
- a. there has been full compliance with all of the terms of this insurance; and
 - b. the action is brought within two years after the date on which the direct physical loss or damage occurred. But if the law of the state in which this policy is issued allows more than two years to bring legal action against us, that longer period of time will apply.
7. **Recovered Property.** If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property subject to the limit of insurance.
8. **Vacancy.** If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

SECTION I CONDITIONS (cont.)

Vacant means the building does not contain any personal property. Buildings under construction are not considered vacant.

9. **Control of Property.** Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

If you violate a condition of this policy, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

10. **Mortgage Holders.** When used in the following provisions of this condition, the term "mortgage holder" includes mortgagee or trustee:

- a. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interest may appear.
- b. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - (1) pays any premium due under this policy at our request if you have failed to do so;
 - (2) submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All terms of this policy will then apply directly to the mortgage holder.

- d. If we pay the mortgage holder for any loss or damage and deny payment to you because of

your acts or because you have failed to comply with the terms of this policy:

- (1) the mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) the mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- e. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- f. If we do not renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

11. **No Benefit to Bailee.** No person or organization, other than you, having custody of covered property will benefit from this insurance.

12. **Knowledge or Control.** We will not pay for loss or damage while the chance of loss or damage is increased by any means within your knowledge or control.

13. **Policy Period, Coverage Territory.** We cover loss or damage commencing during the policy period and within or between the coverage territory. The coverage territory is the United States of America (including its territories and possessions), Puerto Rico and Canada.

SECTION II COMPREHENSIVE BUSINESS LIABILITY

COVERAGE L - BUSINESS LIABILITY

We will pay those sums that the insured becomes legally obligated to pay as damages because of **bodily injury, property damage, personal injury or advertising injury** to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments. This insurance applies only:

1. to **bodily injury or property damage** caused by an **occurrence** which takes place in the **coverage territory** during the policy period;
2. to **personal injury** caused by an **occurrence** committed in the **coverage territory** during the policy period. The **occurrence** must arise out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
3. to **advertising injury** caused by an **occurrence** committed in the **coverage territory** during the policy period. The **occurrence** must be committed in the course of advertising your goods, products or services.

PROPERTY DAMAGE LIABILITY DEDUCTIBLE

Our obligation to pay damages on your behalf under the **property damage** liability coverage provided by Coverage L applies only to the amount of damages in excess of the deductible amount shown in the Declarations as applicable to such coverage. This deductible amount:

1. applies per claim to all damages because of **property damage** sustained by one person or organization as the result of any one **occurrence**;
2. will reduce the limit of insurance for Coverage L - Business Liability shown in the Declarations as applicable to each **occurrence**.

We will pay any part or all of the deductible amount to settle any claim or **suit**. Upon notification of the action taken, you will promptly reimburse us for that part of the deductible amount as has been paid by us.

RIGHT AND DUTY TO DEFEND

We will have the right and duty to defend any claim or **suit** seeking damages payable under this policy even though the allegations of the **suit** may be groundless, false or fraudulent. The amount we will pay for damages is limited as described in Limits of Insurance. Damages because of **bodily injury** include damages claimed by any person or organization for care, loss of services or death resulting at any time from the **bodily injury**. We may investigate and settle any claim or **suit** at our discretion. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

SUPPLEMENTARY PAYMENTS

In addition to the Limit of Insurance, we will pay, with respect to any claims or **suit** we defend:

1. all expenses we incur;
2. up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Coverage L - Business Liability for **bodily injury** applies. We do not have to furnish these bonds;
3. the cost of bonds to release attachments but only for the amount within our Limit of Insurance. We do not have to furnish these bonds;
4. all reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or **suit**, including actual loss of earnings, up to \$100 a day because of time off from work;
5. all costs taxed against the insured in the **suit**;
6. prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer;
7. all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

**BUSINESS
LIABILITY
EXCLUSIONS**

Under Coverage L, this insurance does not apply:

1. to bodily injury or property damage:

- a. expected or intended from the standpoint of the insured; or
- b. to any person or property which is the result of willful and malicious acts of the insured.

This exclusion does not apply to **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property;

2. to bodily injury or property damage for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- a. assumed in a contract or agreement that is an **insured contract**; or
- b. that the insured would have in the absence of a contract or agreement;

3. to bodily injury or property damage for which any insured may be held liable:

- a. as a person or organization engaged in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of:
 - (1) any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages; or
 - (2) the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol or which causes or contributes to the intoxication of any person;
- b. as an owner or lessor of premises used for the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This entire exclusion does not apply to the liability imposed on any insured as the result of the giving or serving of alcoholic beverages at functions incidental to your business, provided you are not in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages and that there has been no intentional violation of any statute, ordinance or regulation committed by or at the direction of any insured;

4. to any obligation of the insured under any workers compensation, disability benefits or unemployment compensation law, or any similar law;

5. to bodily injury or personal injury to an employee of the insured arising out of and in the course of employment, or the termination of employment, by the insured or to the spouse, child, parent, brother or sister of that employee as a consequence of employment or termination of that employee by the insured.

This exclusion applies:

- a. whether the insured may be liable as an employer or in any other capacity; and
- b. to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an **insured contract**;

6. to any:

- a. **bodily injury, property damage, personal injury or advertising injury** arising out of the actual, alleged or threatened discharge, dispersal, spill, release or escape of **pollutants**:
 - (1) at or from premises you own, rent or occupy;
 - (2) at or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
 - (3) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible; or

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

(4) at or from any site or location on which you, an employee or any contractor or subcontractor working directly or indirectly on your behalf is performing operations:

- (a) if the **pollutants** are brought on or to the site or location in connection with such operations; or
- (b) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **pollutants**;

b. loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **pollutants**.

Parts a.(1) and a.(4)(a) of this exclusion do not apply to **bodily injury or property damage** caused by heat, smoke or fumes from a hostile fire or poisoning or asphyxiation due to fumes which escape from a furnace or flue. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be;

7. to **bodily injury or property damage** arising out of the ownership, maintenance, use or entrustment to others of any aircraft, **auto** or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and **loading or unloading**.

This exclusion does not apply to:

- a. watercraft while ashore on premises you own or rent;
- b. any watercraft you do not own that is less than 26 feet long and not being used to carry persons or property for a charge;
- c. parking an **auto** on, or on the ways next to, premises you own or rent provided the **auto** is not owned by or rented or loaned to you or any insured;
- d. liability assumed under any **insured contract** for the ownership, maintenance or use of aircraft, **auto** or watercraft;
- e. **bodily injury or property damage** arising out of the use of any **non-owned auto** in

your business by any person other than you; or

f. **bodily injury or property damage** arising out of the operation of any of the following equipment:

- (1) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (2) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment;

8. to **bodily injury or property damage** arising out of:

- a. the transportation of **mobile equipment** by an **auto** owned or operated by or rented or loaned to any insured;
- b. the use of **mobile equipment** in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity; or
- c. the operation or use of any snowmobile or trailer designed for use with the snowmobile;

9. to **bodily injury or property damage** due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution;

10. to **bodily injury, property damage or personal injury** due to rendering or failure to render any professional services or treatments. This includes but is not limited to:

- a. legal, accounting or advertising services;
- b. engineering, drafting, surveying or architectural services, including preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- c. supervisory or inspection services;
- d. medical, surgical, dental, x-ray, anasthetical or nursing services or treatments, but this exclusion only applies to an insured who is engaged in the business or occupation of providing any of these services or treatments;

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

- e. any cosmetic, tonsorial or ear piercing services or treatments;
- f. optometry or optical or hearing aid services, including:
 - (1) prescribing, preparing, fitting, demonstrating or distributing of ophthalmic lenses and similar products; or
 - (2) hearing aid devices;
- g. mortuary or veterinary services or treatments;
- h. chiropractic, massage, physiotherapy, chiroprody or osteopathy services or treatments; and
- i. pharmaceutical services, but this exclusion does not apply to an insured who is a retail druggist or drugstore;

11. to property damage to:

- a. property you own, rent or occupy;
- b. premises you sell, give away or abandon, if the **property damage** arises out of any part of those premises. This part of this exclusion does not apply if the premises are **your work** and were never occupied, rented or held for rental by you;
- c. property loaned to you;
- d. personal property in your care, custody or control;
- e. that particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the **property damage** arises out of those operations; or
- f. that particular part of any property that must be restored, repaired or replaced because **your work** was incorrectly performed on it. This part of this exclusion does not apply to **property damage** included in the **products-completed operations hazard**.

Parts c., d., e. and f. of this exclusion do not apply to liability assumed under a sidetrack agreement;

2. to property damage to your product arising out of it or any part of it;

13. to property damage to your work arising out of it or any part of it and included in the **products-completed operations hazard**.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor;

14. to property damage to impaired property, or property that has not been physically injured, arising out of:

- a. a defect, deficiency, inadequacy or dangerous condition in **your product** or **your work**; or
- b. a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to **your product** or **your work** after it has been put to its intended use;

15. to damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- a. **your product**;
- b. **your work**; or
- c. **impaired property**;

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it;

16. to personal injury or advertising injury:

- a. arising out of oral or written publication of material if done by or at the direction of the insured with knowledge of its falsity;
- b. arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- c. arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

- d. for which the insured has assumed liability in a contract or agreement. This part of this exclusion does not apply to liability for damages that the insured would have in the absence of a contract or agreement;
17. to **advertising injury** arising out of:
- a. breach of contract other than misappropriation of advertising ideas under an implied contract;
 - b. the failure of goods, products or services to conform with advertised quality or performance;
 - c. the wrong description of the price of goods, products or services; or
 - d. an offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting;
18. to **property damage** arising out of or included within the **explosion hazard**. This exclusion does not apply to:
- a. operations performed for you by others; or
 - b. **property damage** included within the **products-completed operations hazard** or the **underground property damage hazard**;
19. to **property damage** arising out of or included within the **collapse hazard**. This exclusion does not apply to:
- a. operations performed for you by others; or
 - b. **property damage** included within the **products-completed operations hazard** or the **underground property damage hazard**.

**SECTION II
PROPERTY DAMAGE
LEGAL LIABILITY**

**PROPERTY DAMAGE
LEGAL LIABILITY**

Subject to the terms and conditions of Section II of this policy, unless otherwise indicated, we will also pay those sums that the insured becomes legally obligated to pay as damages, other than damage to glass in buildings or fixtures permanently attached to buildings which you do not own, because of **property damage** to premises (including permanently attached fixtures) rented to or occupied by you. This insurance applies if such **property damage** arises out of any insured loss in Section I of this policy. The most we will pay for damages because of **property damage** to these premises arising out of any one event, or a series or combination of such events, is \$100,000 for each **occurrence**.

Our \$100,000 limit will not be increased because of the following:

1. the number of persons or organizations insured under this policy;
2. the number of persons or organizations who have sustained injury or damage; or
3. the number of claims made or causes of action or **suits** brought because of injury or damage.

Business Liability Exclusions 3., 4., 5., 6., 7., 8., 9., 11., 12., 13., 14. and 15. do not apply to this coverage.

For the purpose of determining our limit for this coverage, all **bodily injury** and **property damage** arising out of a continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

**SECTION II
MEDICAL
PAYMENTS**

**COVERAGE M -
MEDICAL PAYMENTS**

We will pay medical expenses for **bodily injury** caused by an accident on the premises you own or rent, on ways next to the premises you own or rent, or because of your operations. The accident must take place in the **coverage territory** during the policy period.

We will pay medical expenses only if the expenses are incurred or medically ascertained within one year of the date of the accident and the injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

We will make medical expense payments regardless of fault. These payments will not exceed the applicable limit

**SECTION II
MEDICAL
PAYMENTS (cont.)**

insurance. We will pay reasonable medical expenses for:

1. first aid at the time of an accident;
2. necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
3. necessary ambulance, hospital, professional nursing and funeral services.

**MEDICAL
PAYMENTS
EXCLUSIONS**

Under Coverage M, we will not pay medical expenses for **bodily injury**:

1. to any insured;

2. to a person hired to do work for or on behalf of any insured or to a person hired to do work for or on behalf of a tenant of any insured;
3. to a person injured on that part of the premises you own or rent that the person normally occupies;
4. to a person, whether or not an employee of any insured, if benefits for the **bodily injury** are payable, or must be provided, under any workers compensation or disability benefits law or a similar law;
5. to a person injured while taking part in athletics;
6. included within the **products-completed operations hazard**;
7. excluded under Business Liability Exclusions;
8. arising out of the use of any **non-owned auto**.

**SECTION II
BUSINESS LIABILITY AND MEDICAL PAYMENTS
NUCLEAR LIABILITY EXCLUSIONS**

**NUCLEAR
LIABILITY
EXCLUSIONS**

This insurance does not apply:

- a. under Coverage L - Business Liability to **bodily injury** or **"property damage"**:

- (1) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- (2) resulting from the **"hazardous properties"** of **"nuclear material"** and with respect to which:

- (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

- (b) the insured is or, had this policy not been issued, would be entitled to indemnity from the United States

of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;

- b. under Coverage M - Medical Payments, to expenses incurred with respect to **bodily injury** resulting from the **"hazardous properties"** of **"nuclear material"** and arising out of the operation of a **"nuclear facility"** by any person or organization;

- c. under Coverage L - Business Liability, to **bodily injury** or **"property damage"** resulting from the **"hazardous properties"** of **"nuclear material"** if:

- (1) the **"nuclear material"**:

- (a) is at any **"nuclear facility"** owned by, or operated by or on behalf of, an insured; or

- (b) has been discharged or dispersed therefrom;

- (2) the **"nuclear material"** is contained in **"spent fuel"** or **"waste"** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

SECTION II
BUSINESS LIABILITY AND MEDICAL PAYMENTS
NUCLEAR LIABILITY EXCLUSIONS (cont.)

- (3) the **bodily injury** or **"property damage"** arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **"nuclear facility"**. If such facility is located within the United States of America, its territories or possessions or Canada, this exclusion applies only to **"property damage"** to such **"nuclear facility"** and any property thereat.

2. As used in this exclusion:

- a. **"byproduct material"** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- b. **"hazardous properties"** include radioactive, toxic or explosive properties;
- c. **"nuclear facility"** means:
- (1) any **"nuclear reactor"**;
 - (2) any equipment or device designed or used for:
 - (a) separating the isotopes of uranium or plutonium;
 - (b) processing or utilizing **"spent fuel"**; or
 - (c) handling, processing or packaging **"waste"**;
 - (3) any equipment or device used for the processing, fabricating or alloying of **"special nuclear material"** if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (4) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **"waste"**;

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

- d. **"nuclear material"** means **"source material"**, **"special nuclear material"** or **"by-product material"**;
- e. **"nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- f. **"property damage"** includes all forms of radioactive contamination of property;
- g. **"source material"** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- h. **"special nuclear material"** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- i. **"spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **"nuclear reactor"**;
- j. **"waste"** means any waste material:
- (1) containing **"byproduct material"** other than the tailings or **"wastes"** produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **"source material"** content; and
 - (2) resulting from the operation by any person or organization of any **"nuclear facility"** included under paragraphs c.(1) and c.(2) of the definition of **"nuclear facility"**.

SECTION II DESIGNATION OF INSURED

WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. an individual, you and your spouse are insureds but only with respect to the conduct of a business of which you are the sole owner;
- b. a partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds but only with respect to the conduct of your business;
- c. an organization other than a partnership or joint venture, you are an insured. Your executive officers, directors and trustees are insureds but only with respect to their duties as your officers, directors or trustees. Your stockholders are also insureds but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
 - (1) **bodily injury or personal injury** to you or to a fellow employee while in the course of his or her employment;
 - (2) **bodily injury or personal injury** arising out of his or her providing or failing to provide professional health care services;
 - (3) **property damage** to property owned or occupied by or rented or loaned to that employee, any of your other employees or any of your partners or members if you are a partnership or joint venture; or
 - (4) **bodily injury or property damage** arising out of the ownership of any **non-owned auto** or any agent or employee of such owner;

b. any person, other than your employee, or any organization while acting as your real estate manager;

c. any person or organization having proper temporary custody of your property if you die but only:

(1) with respect to liability arising out of the maintenance or use of that property; and

(2) until your legal representative has been appointed;

d. your legal representative, if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

3. With respect to **mobile equipment** registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured but only with respect to liability arising out of the operation of the equipment and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

a. **bodily injury** to a fellow employee of the person driving the equipment; or

b. **property damage** to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest will be deemed to be a Named Insured if there is no other similar insurance available to that organization. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier. However, no person or organization is an insured with respect to:

a. **bodily injury or property damage** that occurred before you acquired or formed the organization; and

**SECTION II
DESIGNATION
OF INSURED (cont.)**

- b. **personal injury or advertising injury** arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

**SECTION II
BUSINESS LIABILITY AND MEDICAL PAYMENTS
LIMITS OF INSURANCE**

**LIMITS OF
INSURANCE**

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
- insureds;
 - claims made or **suits** brought; or
 - persons or organizations making claims or bringing **suits**.
2. The most we will pay for all damages because of **bodily injury, property damage, personal injury, advertising injury** and medical expenses arising out of any one **occurrence** is the Coverage L - Business Liability limit shown in the Declarations. But the most we will pay for all medical expenses because of **bodily injury** sustained by any one person is the Coverage M - Medical Payments limit shown in the Declarations.

3. The most we will pay for:

- injury or damage under the **products-completed operations hazard** arising from all **occurrences** during the policy period is the Products-Completed Operations (PCO) Aggregate limit shown in the Declarations; and
- all other injury or damage, including medical expenses, arising from all **occurrences** during the policy period is the General Aggregate (Other than PCO) limit shown in the Declarations.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**SECTION II
GENERAL
CONDITIONS**

**GENERAL
CONDITIONS**

1. **Bankruptcy.** Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.
2. **Financial Responsibility Laws.** When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by this policy for **bodily injury or property damage** liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

With respect to **mobile equipment** to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no fault or other coverages required by any motor ve-

hicle insurance law. We will provide the required limits for those coverages.

The insured must repay us for any payment we would not have had to make under the terms of this policy except for this condition.

3. **Duties in the Event of Occurrence, Claim or Suit.**

- You must see to it that we are notified promptly of an **occurrence** that may result in a claim. Notice should include:
 - how, when and where the **occurrence** took place; and
 - the names and addresses of any injured persons and witnesses.

SECTION II GENERAL CONDITIONS (cont.)

- b. If a claim is made or **suit** is brought against any insured, you must see to it that we receive prompt written notice of the claim or **suit**.
- c. You and any other involved insured must:
 - (1) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or **suit**;
 - (2) authorize us to obtain records and other information;
 - (3) cooperate with us in the investigation, settlement or defense of the claim or **suit**; and
 - (4) assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. Except at their own cost, no insureds will voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.

4. Legal Action Against Us. No person or organization has a right under this policy:

- a. to join us as a party or otherwise bring us into a **suit** asking for damages from an insured; or
- b. to sue us on this policy unless all of this policy's terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial. However, we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation of Insureds. Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. as if each Named Insured were the only Named Insured; and
- b. separately to each insured against whom claim is made or **suit** is brought.

SECTION II DEFINITIONS DEFINITIONS

This section contains the definitions of the words printed in bold face in Section II of this policy. It is an integral part of the policy. The definitions appearing below will be applied as if they were included each time the words they define are used in Section II of this policy.

When used in the provisions applicable to Section II of this policy (including endorsements forming a part of this policy):

- 1. **advertising injury** means injury arising out of one or more of the following offenses:
 - a. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. oral or written publication of material that violates a person's right of privacy;
 - c. misappropriation of advertising ideas or style of doing business; or
 - d. infringement of copyright, title or slogan;

- 2. **auto** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But **auto** does not include **mobile equipment**;
- 3. **bodily injury** means **bodily injury**, sickness or disease sustained by a person, including death resulting from the **bodily injury**, sickness or disease at any time;
- 4. **collapse hazard** includes **structural property damage** and any resulting **property damage** to any other property at any time;

SECTION II DEFINITIONS (cont.)

5. coverage territory means:

- a. the United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. international waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
- c. all parts of the world if:
 - (1) the injury or damage arises out of:
 - (a) goods or products made or sold by you in the territory described in 5.a. above; or
 - (b) the activities of a person whose home is in the territory described in 5.a. above but is away for a short time on your business;
 - (2) the insured's responsibility to pay damages is determined in a suit on the merits in the territory described in 5.a. above or in a settlement we agree to;

6. **explosion hazard** includes **property damage** arising out of blasting or explosion. But **explosion hazard** does not include **property damage** arising out of the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment;

7. **impaired property** means tangible property, other than **your product** or **your work**, that cannot be used or is less useful because:

- a. it incorporates **your product** or **your work** that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. you have failed to fulfill the terms of a contract or agreement;

provided the repair, replacement, adjustment or removal of **your product** or **your work** or your fulfilling the terms of the contract or agreement can restore the **impaired property** to use;

8. insured contract:

a. means:

- (1) a sidetrack agreement;
- (2) an easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- (3) any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- (4) an indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
- (5) an elevator maintenance agreement; or
- (6) that part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of **bodily injury** or **property damage** to a third person or organization if the contract or agreement is made prior to the **bodily injury** or **property damage**. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;

b. does not include that part of any contract or agreement:

- (1) that indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (b) giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- (2) under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in (1) above and supervisory, inspection or engineering services; or

SECTION II DEFINITIONS (cont.)

- (3) that indemnifies any person or organization for damage because of **property damage** to premises rented to or occupied by you arising out of any insured loss in Section I of this policy;

9. loading or unloading:

a. means the handling of property:

- (1) after it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or **auto**;
- (2) while it is in or on an aircraft, watercraft or **auto**; or
- (3) while it is being moved from an aircraft, watercraft or **auto** to the place where it is finally delivered;

b. does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or **auto**;

10. mobile equipment:

a. means any of the following types of land vehicles, including any attached machinery or equipment:

- (1) bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- (2) vehicles maintained for use solely on or next to premises you own or rent;
- (3) vehicles that travel on crawler treads;
- (4) vehicles, whether self-propelled or not, on which are permanently mounted:
 - (a) power cranes, shovels, loaders, diggers or drills; or
 - (b) road construction or resurfacing equipment such as graders, scrapers or rollers;
- (5) vehicles not described in (1), (2), (3) or (4) above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(a) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(b) cherry pickers and similar devices used to raise or lower workers;

(6) vehicles not described in (1), (2), (3) or (4) above maintained primarily for purposes other than the transportation of persons or cargo;

b. does not include self-propelled vehicles with the following types of permanently attached equipment which will be **autos**:

(1) equipment designed primarily for:

(a) snow removal;

(b) road maintenance but not construction or resurfacing; and

(c) street cleaning;

(2) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment;

11. **non-owned auto** means any **auto** you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership, a **non-owned auto** does not include any **auto** owned by any partner;

12. **occurrence** means:

a. an accident, including continuous or repeated exposure to substantially the same general harmful conditions which result in **bodily injury** or **property damage**; or

b. the commission of an offense, or a series of similar or related offenses, which results in **personal injury** or **advertising injury**.

For purposes of this definition, **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property will be considered an accident;

SECTION II DEFINITIONS (cont.)

13. **personal injury** means injury, other than **bodily injury**, arising out of one or more of the following offenses:
- a. false arrest, detention or imprisonment;
 - b. malicious prosecution;
 - c. wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
 - d. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. oral or written publication of material that violates a person's right of privacy;
14. **pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, re-conditioned or reclaimed;
15. **products-completed operations hazard**:
- a. includes all **bodily injury** and **property damage** arising out of **your product** or **your work** except products that are still in your physical possession or work that has not yet been completed or abandoned. The **bodily injury** or **property damage** must occur away from premises you own or rent unless your business includes the selling, handling or distribution of **your product** for consumption on premises you own or rent.
- Your work** will be deemed completed at the earliest of the following times:
- (1) when all of the work called for in your contract has been completed;
 - (2) when all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
 - (3) when that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
- Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed;
- b. does not include **bodily injury** or **property damage** arising out of:
- (1) the transportation of property unless the injury or damage arises out of a condition in or on a vehicle created by the **loading or unloading** of it; or
 - (2) the existence of tools, uninstalled equipment or abandoned or unused materials;
16. **property damage** means:
- a. physical injury to or destruction of tangible property, including all resulting loss of use of that property; or
 - b. loss of use of tangible property that is not physically injured or destroyed, provided such loss of use is caused by physical injury to or destruction of other tangible property;
17. **structural property damage** means the collapse of or structural injury to any building or structure due to:
- a. grading of land, excavating, borrowing, filling, back-filling, tunnelling, pile driving, cofferdam work or caisson work; or
 - b. moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support of that building or structure;
18. **suit**:
- a. means a civil proceeding in which damages because of **bodily injury**, **property damage**, **personal injury** or **advertising injury** to which this insurance applies are alleged;
 - b. includes an arbitration proceeding alleging such damages to which you must submit with our consent;
19. **underground property damage** means **property damage** to wires, conduits, pipes, mains, sewers, tanks, tunnels, any similar property, and any apparatus used with them beneath the surface of the ground or water, caused by and occurring during the use of mechanical equipment for the pur-

SECTION II DEFINITIONS (cont.)

- pose of grading land, paving, excavating, drilling, borrowing, filling, back-filling or pile driving;
20. **underground property damage hazard** includes **underground property damage** and any resulting **property damage** to any other property at any time;
21. **your product:**
- a. means:
 - (1) any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) you;
 - (b) others trading under your name; or
 - (c) a person or organization whose business or assets you have acquired; and
 - (2) containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products;
 - b. includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in (1) and (2) above;
 - c. does not include vending machines or other property rented to or located for the use of others but not sold;
22. **your work:**
- a. means:
 - (1) work or operations performed by you or on your behalf; and
 - (2) materials, parts or equipment furnished in connection with such work or operations;
 - b. includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in (1) or (2) above.

SECTION I AND SECTION II COMMON CONDITIONS

SECTION I AND SECTION II COMMON CONDITIONS

The following Conditions apply to both Section I and Section II of this policy except as otherwise indicated.

1. **Cancellation.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

We will mail or deliver our notice of cancellation to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Such notice of

cancellation will state the effective date of cancellation. The policy period will end on that date.

If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

2. **Changes.** This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

3. **Concealment, Misrepresentation or Fraud.** This policy is void in any case of fraud by you as it relates to the policy at any time. It is also void if you or any other insured intentionally conceal or misrepresent a material fact concerning:

- a. this policy;
- b. the covered property;

**SECTION I
AND SECTION II
COMMON CONDITIONS (cont.)**

- c. your interest in the covered property; or
- d. a claim under this policy.

4. **Examination of Your Books and Records.** We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

5. **Inspections and Surveys.** We have the right but are not obligated to make inspections and surveys at any time, give you reports on the conditions we find and recommend changes. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged.

We do not:

- a. make safety inspections;
- b. undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public;
- c. warrant that conditions are safe or healthful; or
- d. warrant that conditions comply with laws, regulations, codes or standards.

This condition applies not only to us but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

6. **Insurance Under Two or More Coverages.** If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

7. **Liberalization.** If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

8. **Other Insurance.**

a. Section I

- (1) If loss or damage covered by this policy is also covered by other insurance written in the name of the insured upon the same plan, terms, conditions and provisions as contained in this policy, we will not pay for a greater proportion of the covered loss or damage than this

policy's Limit of Insurance bears to the total amount of insurance covering such loss or damage.

- (2) If at the time of loss or damage there is insurance, other than that described in item a.(1) above, covering the same loss or damage covered by this policy, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance whether you can collect on it or not. However, we will not pay more than the Limit of Insurance applicable to Section I of this policy.

b. Section II

- (1) The insurance provided under Coverage L - Business Liability is excess insurance over any other insurance which would apply if this policy had not been written.
- (2) The total insurance provided under Coverage L - Business Liability and any other policy written by us on an excess basis will not exceed the largest limit of insurance applicable under any one of these policies written by us.
- (3) Items b.(1) and b.(2) above do not apply to insurance written specifically as excess to cover over the Limits of Insurance applicable to Section II of this policy.
- (4) The insurance provided under Coverage L - Business Liability is excess over any property insurance (including any deductible portion) available to the insured that insures for direct physical loss or damage to property in the care, custody or control of the insured including, but not limited to, Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage.
- (5) When this insurance is excess, we will have no duty under Coverage L - Business Liability to defend any claim or suit that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so but we will be entitled to the insured's rights against all those other insurers.

9. **Premiums.** The first Named Insured shown in the Declarations is responsible for the payment of all

SECTION I
AND SECTION II
COMMON CONDITIONS (cont.)

premiums and will be the payee for any return premiums we pay.

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

10. **Transfer of Rights of Recovery Against Others to Us.**

a. **Section I**

- (1) If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them.
- (2) You may waive your rights against another party in writing prior to a loss to your covered property. After a loss to your covered property, you may waive your rights against another party in writing only if, at the time of loss, that party is one of the following:
 - (a) someone covered by this insurance;
 - (b) a business firm owned or controlled by you; or

(c) a business firm that owns or controls you.

- (3) You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers without restricting your insurance.

b. **Section II**

- (1) If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- (2) The transfer of insured's rights applicable to Section II of this condition does not apply to Coverage M - Medical Payments.

11. **Transfer of Your Rights and Duties Under This Policy.** Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

12. **Conformity to State Law.** When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

IN WITNESS WHEREOF, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.

Kim M. Brunner

Secretary

Edward B. Rust, Jr.

President

The Board of Directors, in accordance with Article VI(c) of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment are proper.